TRACT No. III.]

THE LIVERPOOL

CURRENCY REFORM

ASSOCIATION.

Committee:

CHARLES HOLLAND, Esq., Chairman,

EDWARD BRADLEY, Esq.
J. M. BRAGA, Esq.
NATHANIEL COX, Esq.
JOHN DORNING, Esq.
JAMES HARVEY, Esq.
G. B. JOHNSON, Esq.
RICHARD ROWLINSON, Esq.
JAMES RYDER, Esq.
EDWARD WELCH, Esq.
THOMAS WILLEY, Esq.
HENRY WOOD, Esq.

LIVERPOOL:

PRINTED BY LACE AND ADDISON, STANDARD OFFICE,
4, ST. GEORGE'S CRESCENT.

1849.

LIVERPOOL CURRENCY REFORM ASSOCIATION.

No. 3.

The *greatest* source of spontaneous fluctuations in this country, and *the most disturbing power*, is *the value of the precious metals.* IT IS ALWAYS CHANGING. Thirty years since a sovereign represented *only half as much* of the necessaries, comforts and luxuries of life as it now does; and its value has since been *continually on the increase.—Times, September* 22, 1849.

There can hardly be a more emphatic condemnation of our monetary system than that expressed in the above quotation. The writer evidently points to Sir R. Peel's Bill of 1819 as the cause of the fluctuations in value which have during that period disarranged the commerce and paralysed the industry of this country.

It does not require much penetration to perceive that if the sovereign,—*i. e.* our money or legal tender,—has doubled in value in the last thirty years, our national burthens must have also doubled within the same period—a fact which is sufficient to account for the prevailing and increasingly uneasy feeling that prevades the public mind, arising from the aggravated weight of taxation, now crushing the energies of the people, and which feeling is showing itself in the loud and general cry for Financial Reform.

But how paltry and insignificant must any excess in public expenditure appear when contrasted with the annual loss inflicted upon the commerce and industry of the country by a monetary system, the basis of which is "*always changing in value,*" and, consequently, continually disturbing the relation between debtor and creditor?

Although any extravagance in public expenditure, and waste of national resources, must be deprecated by all, yet any attempt at reform in matters of detail must prove futile as long as the main grievance, "the great *disturbing power*" remains untouched.

The further and more energetic influence of a money based on a "metallic formula" in arresting the progress of industry, and in curtailing the remunerative profit of the merchant and manufacturer,

must here be only alluded to. The Liverpool Currency Reform Association would earnestly entreat the commercial community to give their attention to this most vital question, which lies at the root of the all-pervading discontent, and social disarrangement which we see around us; and to give a careful perusal to the following able

ARTICLE FROM THE LIVERPOOL STANDARD, OCT. 23.

Conversions upon the subject of our Monetary System are going on at a great rate. As if by one consent, the various interests of the country are turning their regards in this direction, as containing the cause of the non-fulfilment of their expectations of approaching prosperity; and the admissions, made by some of these, are widely different from the opinions formerly propounded by them with almost oracular dogmatism. The following appeared, a few days since, in a leader of the once violent bullionist, the London *Times*, on the subject of the present prospect of the Railway Share Market:

"The greatest source of spontaneous fluctuations in this country, and the most disturbing power, is the value of the precious metals. It is always changing. Thirty years since a sovereign represented only half as much of the necessaries, comforts, and luxuries of life as it now does; and its value has since been continually on the increase."

What a splendid standard of value that gold must be, which is the greatest "disturbing power," and which is "always changing"! "Thirty years since" (says our contemporary,) "a sovereign represented only half as much of the necessaries, comforts, and luxuries of life as it now does." A black look out this has proved to tax-payers, mortgag~~ees~~s, and persons with encumbered properties; and a pleasant one to annuitants, mortgagees, and such people as her Majesty's Ministers! "Its value," our contemporary adds, "has since been continually on the increase." Taking averages of years, so it has; but it has also jumped up and down with surprising irregularity. It was worth, for instance, a third more in October, 1847, than in January in the same year. Yet this is our unerring standard, by the value of which every monetary engagement in this great commercial country must be measured; and whoever had ventured to impugne which, the *Times*, a few months ago, would have regarded as madmen or knaves! or/

Another great bullionist authority—the young Peelite *Chronicle*—thus spoke of it no later than in December last:—" Now in this country gold is the standard; it has been adopted, because it has proved to be *less subject to fluctuation than any other commodity*." We leave the two doctors to settle their differences upon this point as they can.

The *Times*, however, sees now a prospect of a movement in the opposite direction. The value of the sovereign—or rather it should be said of *the legal pound*—is about to be gradually reduced.

"Looking," he says, "to the various probabilities of the question, and with the fact of a whole American State being now actively employed over an immense territory in the successful search of gold, we incline to the opinion that gold will henceforth suffer a gradual, though slow, depreciation. That, of course, has a most important bearing on the question between fixed and fluctuating dividends. Should there be such a depreciation, guaranteed shares will press less and less on the profits, which will of course vary according to the general wealth of the country, and not be tied to a metallic formula."

A surprising facility truly our contemporary possesses in the discovery of encouraging circumstances for his friends! A sovereign is about to decrease in value to 15s., *ergo* a man who has given 100 sovereigns, at their present value, for a railway share paying eight per cent., out of which he has to pay a guaranteed sum of three sovereigns, is benefitted by that three sovereigns becoming worth three times fifteen shillings. What, however, are the remaining five sovereigns worth? Why just five times fifteen shillings. What is the share itself worth, still earning eight per cent. and paying three? Why just a hundred times fifteen shillings, or five-and-twenty per cent., measured in commodities, less than it cost! This is certainly no very consoling state of things. In conclusion, we are glad of the confession that fixed incomes now are "tied to a metallic formula." We rather imagine that every sort of income is in this predicament—"tied to a metallic formula;" and we should rather *not* be thus tied.

We observe too that Mr. Hamer Stansfield, a prominent member of the League, has discovered that Free Trade is not worth having, without having as well "free trade in money." Mr. Stansfield conceives that his party have begun at the wrong end; and has propounded his views in a pamphlet, which contains an ap-

proach, at least, to correct principles. We shall be glad to see him pursue his enquiries further; and, in the mean time, rejoice that he is disposed to give honour to whom honour is due for the discovery which he has already made.

In his introductory letter he thus addresses the members of the Liverpool Currency Reform Association:—

"GENTLEMEN,—I am glad of this opportunity of expressing my obligations to you, for calling the attention of the mercantile community to the all important question of the currency," &c.

And he concludes his pamphlet by saying:—

"We trust that the Liverpool Currency Reform Association, to whom the credit is due of first organizing themselves, and hoisting the standard of currency reform, will never strike their flag until they have attained their object. They have assumed an honourable and responsible position; but have a good cause in hand, and *right* eventually will overcome *might*."

Our contemporary, the *Morning Herald*, also, in a series of very able letters, signed "Justitia," has lately been doing good service to the cause. On Tuesday last, the writer offers the following remarks upon the relative positions of the Banks of France and England, the former of which, by a well-regulated paper currency, was enabled to sustain the commercial classes of a country involved in the turmoil of a revolution; whilst the latter threw the whole commercial fabric of Great Britain into suffering and ruin, and herself only escaped insolvency by suspending the boasted monetary laws of Sir Robert Peel.

"The revolutions of the years 1848-9, if they have done no other good, have taught one practical lesson, which our statesmen, if wise, ought not to overlook, and that is the relative position of the Banks of England and France.

"By the operation of the English banking laws, under the acts of 1819 and 1844, all notes must be paid in gold on presentation. So that, whenever we run short of food, or the foreign exchanges rule against us, and gold is sent out of the country, the money in circulation—that is, the notes—must be restricted, the value of money almost doubled thereby; merchants must curtail their exportations for want of accommodation, and their stocks must be depreciated, mills closed, railway and all other undertakings suspended, for want of extended or cheap credit; all incomes curtailed from trade or speculation; and many thousands of the industrious classes thrown out of employment; and all for the imaginary benefit of securing payment for notes in gold on demand; and yet on three different occasions the Bank of England has been so closely pressed for gold, that, had it not been for the interference of government, the directors of the Bank of England would not have been in a position to pay more than a twentieth part of their notes in circulation in gold or silver coins.

"If your readers will turn back to my letters in the *Morning Herald*, of August 2 and 8, and September 8 and 12, they will there perceive, from facts stated on authority, that by the provisional government of France passing an ordinance restricting the payment of notes into coin on demand, a greater security has been

given to the holders of the notes issued by the Bank of France than at any previous period, for the notes now in circulation, and the bullion and coin in the coffers of the bank, are nearly equivalent. That is to say, they have precious metals sufficient to pay all their notes in circulation, which the Bank of England has never yet been in a position to do. And for this gratifying circumstance the French are indebted to a well regulated paper currency, which has given employment to the artisan, and *permitted the manufacturer to send abroad his goods, to bring back to France other produce or manufactures, or the value in gold* or *silver coin,* or *other precious metals or commodities.*

"When the Bank of England, as in 1847, *should have been in a position to give a stimulus to trade, by a cheap and full currency, the reverse was the case, and British labour was suspended, to the ruin of capitalists and employers of every grade.*"

Let us prove the correctness of the statement, which we have marked in italics, by our exports, at the period mentioned, to a single country—the United States of America. In 1846, we had become large importers of American grain, &c., of which the natural result would have been, had we been permitted to pay for such grain, in manufactured goods, that we should have increased our exportations. Our gold, however, was in that year the cheapest commodity for export; and whilst it was rapidly drawn from us, contracting our currency, causing the operations of the merchant and manufacturer to be suspended, and the labourer to be driven to the verge of famine, we were enabled to export of the two great staples of the cotton manufacture—plain calicoes and printed and dyed calicoes—only 10,640,009 yards of the former, and 13,556,509 yards of the latter. In 1847 we were again large importers of American grain, in payment of which gold continued to be drawn from us, until, in October, the bank had to suspend cash payments, and the prices of every commodity had fallen ruinously. What was the operation which ensued? It was this. Gold had appreciated in this country. It was matter of life and death to us to procure a supply, in order to restore our circulating medium; and to get that supply, we had to export, in 1847, at the ruinous sacrifices which American holders were enabled to wring from us, 41,519,244 yards of plain calicoes, and 44,425,017 yards of printed and dyed calicoes! Had we, like France, possessed at this time an expansive and well-regulated domestic currency, nothing of this kind could have, by any possibility, occurred. The total exports would have been pretty equally spread over the two years; and the drain of specie, the contraction of our medium of exchange, with their fearful consequences, would not have taken place, to an extent to interfere at all with the commercial and industrial occupations of the country.

A fortnight ago, our readers may remember, we showed the misapprehension of the working of our monetary laws contained in the project mooted by Mr. Disraeli to the agriculturists at Aylesbury, for producing "cheap *capital* (!)" for the landed interest, by an

increase of the land tax to £5,000,000 a year, and the application of that sum to form a sinking fund for the liquidation of the national debt. We contended that it was not "cheap *capital*" which the agriculturists wanted, but "cheap money;" that cheap money meant, in reality, an abundant supply of legal tender; that such supply must not be liable to constant fluctuations; and that none of these desiderata could be secured by Mr. Disraeli's plan, or, at all, under our present metallic system. We are glad to find a very able writer in the *Morning Post*, under the signature of "Observer," rebuking the hon. member's implied sanction of that system, and directing the attention of the community to the fact that, in a very great measure, the monetary laws of 1819 and 1844 have been the inducing causes of the distress and suffering, past and present, of the agricultural interest.

"We have had," says this writer," "since the passing of the bill of 1819, periods of prosperity and adversity. From 1819 to 1823 we had a contracted currency and distress. From 1823 to 1825 we had an abundant currency and prosperity. From 1826 to 1833 we had a contracted currency and distress. From 1834 to 1837 we had money plentiful, and the people employed and prosperous. From 1837 to 1843 we had the circulation restricted, and all the productive classes in a state of suffering. In 1844, 1845, and 1846, the currency was again abundant, and prosperity again returned; and we are now once more enduring the consequences of a contraction of the circulation."

During one of these periods of depression, which was most severe upon the agriculturists,—in 1830—the writer shows that petitions and memorials were presented to the legislature from nearly every portion of the empire; and that the universal opinion expressed was that the sufferings of the farmer had been mainly caused by the act of 1819, which increased the burthens of taxation and the pressure of all fixed payments, whilst it reduced enormously wages, profits, and the prices of produce and commodities. We perfectly coincide with the *Post's* correspondent, and these petitioners, as to the effect of our recent monetary policy upon their condition; and we would strenuously urge upon the friends of the agriculturists, and of every branch of the native industry, to devote themselves to an inquiry into this most important subject.

In conclusion, we must, with Mr. Hamer Stansfield, offer our humble meed of congratulation to the Liverpool Currency Reform Association, upon the success which is at length rewarding their meritorious efforts. The straw is at length moving. The golden idol of the economist, beneath whose feet the commerce and industry of the nation have so long been trampled, totters already upon its pedestal. Its advocates no longer flout us as maniacs or revile us as robbers and revolutionists in disguise. We have already driven them from redoubt to redoubt, and even taken some of their strongholds. We have wrung from one of themselves what will serve as an answer to the question of the great bullionist leader, "what is a "pound?" It is a measure of value which "is always changing!"

Thirty years since it represented only half as much as it now does; and its value has since been continually on the increase!!" We have made engagements to pay *a pound*, for which we are now paying in labour and commodities *forty shillings*; and we are making further engagements, of which we are told we shall be asked only to pay about one-half. Surely sensible men cannot much longer tolerate a monetary system so obviously dishonest, and so notoriously accompanied by alternations of mania, wild speculation, social robbery, and commercial and industrial prostration!

The admission on the part of the *Times*, that the value of the precious metals is always changing, seemed to the Association too important to be passed over. They consequently wrote a letter, which, however, was not replied to, nor even inserted. The Association then had recourse to the columns of the *Morning Herald*, and beg to acknowledge the prompt insertion of the following:—

TO THE EDITOR OF THE MORNING HERALD.

SIR,—The following short question, suggested by the significant and ominous article on our present imperfect money, was sent to the Editor of the *Times*, who has not inserted it. As it bears on the most important feature of the most important question of the day, we hope you will give it publicity.

I remain, Sir, your obedient servant,
On behalf of the Committee of the Liverpool Currency
Reform Association,
JAMES HARVEY,
HON. SEC.

Liverpool, 9th Oct., 1849.

TO THE EDITOR OF THE TIMES,

SIR,—We quote the following from your article of the 22d instant:—

"The greatest source of spontaneous fluctuation in this country, and the great disturbing power is the *value* of the precious metals. *It* is always changing."

We beg to ask you the following question:—

If the precious metals are confessedly so liable to these fluctuations—if their value be always changing—are they fit to perform the functions of a money, the great desideratum of which is steadiness of value?

An answer will oblige
Your's respectfully,
On behalf of the Commiteee of the Liverpool
Currency Reform Association,
JAMES HARVEY,
HON. SEC.

Liverpool, 27th Sept., 1849.

LACE AND ADDISON, PRINTERS, STANDARD-OFFICE, LIVERPOOL.